

Private foundations; student intern program. An organization, exempt under section 501(c)(3) of the Code, that conducts an internship program placing college and university students with cooperating government agencies for a semester is not an educational organization described in section 170(b)(1)(A)(ii) and is a private foundation unless otherwise described in section 509(a).

Advice has been requested whether the organization described below is an educational organization of the type described in section 170(b)(1)(A)(ii) of the Internal Revenue Code of 1954 and, thus, not a private foundation by reason of section 509(a)(1).

The organization, which is exempt from Federal income tax under section 501(c)(3) of the Code as an educational organization, conducts a student intern program with cooperating government agencies. Under an arrangement with participating colleges and universities, it places students enrolled at colleges and universities with government agencies for a semester in an internship program. It provides the students with living facilities and counseling services while they are participating in the program. It also provides the colleges and universities with an evaluation of the progress of each student in meeting his or her specific goals. Although the organization, itself, does not confer academic credit upon students enrolled in the program, some of the participating colleges and universities award academic credits for the experience in connection with their regular course of instruction.

Section 509(a) of the Code provides that the term 'private foundation' means a domestic or foreign organization described in section 501(c)(3) other than an organization described in sections 509(a)(1), (2), (3), or (4). The organizations within the scope of section 509(a)(1) include those described in section 170(b)(1)(A) (other than in clauses (vii) and (viii)).

Section 1.170A-9(b)(1) of the Income Tax Regulations provides that an educational organization is described in section 170(b)(1)(A)(ii) of the Code if its primary function is the presentation of formal instruction and it normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on.

Although the experience afforded by the organization's intern program is educational in nature, the organization's primary function is not the presentation of formal instruction and its activities fail to reflect the existence of a curriculum. Therefore, the organization fails to satisfy the requirements of section 1.170A-9(b)(1) of the regulations. Accordingly, it is not an educational organization of the type described in section 170(b)(1)(A)(ii) of the Code and it is a private foundation unless

it is otherwise described in section 509(a).